



NATIONAL CONFERENCE *of* STATE LEGISLATURES

The Forum for America's Ideas

January 18, 2008

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State Representative
Delaware
President, NCSL

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William T. Pound
Executive Director

The Honorable Harry Reid
Majority Leader
United States Senate
S-221, U.S. Capitol
Washington, D.C. 20510

The Honorable Nancy Pelosi
Speaker of the House
United States House of Representatives
H-232, U.S. Capitol
Washington, D.C. 20515

The Honorable Mitch McConnell
Minority Leader
United States Senate
S-230, U.S. Capitol
Washington, D.C. 20510

The Honorable John Boehner
Minority Leader
United States House of Representatives
H-204, U.S. Capitol
Washington, D.C. 20515

Dear Senator Reid, Speaker Pelosi, Senator McConnell and Representative Boehner:

As Congress moves to consideration of an economic stimulus package, the National Conference of State Legislatures (NCSL) urges you to keep in mind the interests that the states have in a return to a healthy economy. As you know, 49 states have constitutional requirements to balance their budgets each year. During an economic downturn, the decisions that state legislatures and governors have to make to keep their budgets balanced—cutting spending, raising taxes or both—can have the pro-cyclical effect of deepening and prolonging the slump.

We have attached a list of options that we urge you to consider for inclusion in a stimulus package. They are state-oriented and include two—temporary changes in the Medicaid matching rate and increases in discretionary funds for states—which were included in the Jobs and Growth Tax Relief Reconciliation Act of 2003 and which were enormously helpful to states as they dealt with the effects of the last downturn. Any of the options we have included would ease the fiscal pressures on states and, as a result, would help accelerate the economic recovery.

NCSL's most recent survey of state fiscal conditions indicates that states are facing budget challenges due to the slowing national economy. At least seven states, including Nevada, California and Kentucky, are already facing billions in financial shortfalls in the current fiscal year. More are expected to face serious budget gaps as they progress further into their fiscal years.

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We appreciate your attention to our concerns and recommendations. For additional information and assistance, please contact Michael Bird (Michael.bird@ncsl.org; (202)624-8686) or Garner Girthoffer (garner.girthoffer@ncsl.org; (202) 624-7753) in NCSL's Washington, D.C. office. Thank you for your consideration of these important national issues.

Sincerely,



Representative Donna Stone
Delaware House of Representatives
President, NCSL



Representative Joe Hackney
North Carolina House of Representatives
President-Elect, NCSL



Senator Don Balfour
Georgia Senate
Vice President, NCSL



Senator Leticia Van de Putte
Texas Senate
Immediate Past President, NCSL

Attachment: NCSL Recommendations for an Economic Stimulus Package